Dear Student,

Warm Greetings.

- DnD aims to provide every day news analysis in sync with the UPSC pattern.
- It is targeted at UPSC – Prelims & Mains.
- Daily articles are provided in the form of Question and Answers
  - To have a bank of mains questions.
  - And interesting to read.
  - Providing precise information that can be carried straight to the exam, rather than over dumping.

Enjoy reading.

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**Essay Paper**

**Editorial**

Q – Given the recent FDI restrictions with regard Chinese and other neighbouring countries investments. What would have been an alternative and better option in handling the ‘Opportunistic Takeovers’?

**INTRO** = The government’s decision to ban foreign direct investments (FDI) through the automatic route from neighbouring countries that share a land border with India, is mainly because the move is seen as aimed at Chinese investors who could exploit cheap valuations in the depressed economic conditions post-lockdown to pick up equity interest in select companies. India is not alone in this fear of “opportunistic takeovers”, as Press Note 3(2020 Series) of the Commerce Ministry described it. Italy, Spain, France and Australia have already taken similar action to protect their businesses from foreign (read Chinese) investors fishing for distressed entities in need of cash in the post-COVID-19 scenario.

**Current status of Chinese investments in India –**

- According to a Brookings India study, the total current and planned investment by Chinese entities is over $26 billion.
- Chinese capital is invested not just in brick-and-mortar industries but in technology and fintech start-ups where Alibaba and Tencent have funded a host of Indian names such as Paytm, Swiggy, Ola, Zomato and BigBasket.

There has always been unease over the fact that there is a thin line that divides the state sector from private enterprise in China and several companies there trace linkages back to the security apparatus of that country. So, while the decision to introduce a layer of government approval is probably valid in the current circumstances, the government could have –
• Adopted a more nuanced approach, where –

1) Greenfield investments should have been kept out of the purview as they do not pose a threat of takeover of existing business; to the contrary, they create new capacities and businesses in the country.

2) A distinction should also have been made based on the class of investors – For example, venture capital funds are financial investors who may not necessarily be interested in taking over and running a business.

3) And, now that the wall has been raised, approvals should be quick for investment proposals in the technology start-up space, where cash burn is high and existing investors are often tapped for a top-up investment.

• While the FDI route has been plugged, other questions that arise as –

1) It is not clear what happens to investments that come through the market route. SEBI has already sent out missives to custodians asking for details of Chinese holdings in listed entities. How will this be regulated?

2) What happens to FDI that comes in through entities registered in countries that do not share a land border with India but which may trace their beneficial ownership to China?

Thus, though it is quite possible that a move to curb or control Chinese investment in Indian companies was always on the cards and that COVID-19 was a good excuse to pull the trigger, India should have considered the other options and problems in hand as mentioned above, to have a more nuanced approach in handling the situation.

GS 2

➢ International Relations

Q – What is a ‘Unity Government Deal’ and where is it in force?

BACKGROUND = Israeli Prime Minister Benjamin Netanyahu and his centrists election rival Benny Gantz signed an agreement to form an emergency coalition government that would end a year of political deadlock. Israel’s Blue and White party issued a joint statement saying they had clinched a unity deal, which follows elections in April and September 2019 and on March 2 in which neither won a governing majority in Parliament.

• Official details of the power-sharing deal were not immediately disclosed, but a source in Blue and White said the two had agreed Mr. Netanyahu would remain Prime Minister for a set period until Mr. Gantz takes over in October 2021.

• A former Armed Forces Chief, will serve as Defence Minister and several of his allies, including two members of Israel’s Labour Party, will receive ministerial portfolios.

• Combined Agenda - During the negotiations the parties cited a number of sticking points, including the planned annexation of Israeli settlements in the occupied West Bank where Palestinians seek a state, and setting a nomination process for judges.

➢ International Relations

Q – Steps taken in easing lockdown in Europe and elsewhere are?

BACKGROUND = Germany and other parts of Europe took tentative steps to ease lockdown measures on the 20th April, with even the smallest return to normalcy as welcome along with passive fears of new waves of infections. The steps currently taken are –

1) Some shops reopened in Germany and Denmark and parents dropped their children off at nurseries in Norway as tight restrictions were lifted in parts of the continent.

2) Denmark also reopened some small businesses, including hair salons, massage and tattoo parlours and dentists, while Italy allowed bookshops to open doors.

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3) Hard-hit Spain, where a nationwide lockdown has been extended, also said it would ease some restrictions to allow children time outside.

4) With France, now bearing the fruits of a month long lockdown. May now consider a couple of relaxations.

Elsewhere –

5) In Australia, the authorities in Sydney reopened three beaches for walking, running, swimming or surfing, while New Zealand announced it will ease a lockdown next week. And in the U.S. — the country with the highest number of deaths and infections — the Governor of New York, Andrew Cuomo, said the outbreak was “on the descent”.

GS 3

➢ Environment

Q – Explain how ‘Yamuna’s water quality improved during lockdown’?

BACKGROUND = The quality of water in the Yamuna has improved along the Delhi stretch during the nationwide lockdown, compared to April last year, according to a report by the Delhi Pollution Control Committee (DPCC). However, the report noted that the Yamuna has still not met the “water quality criteria”. The reasons for the water quality improvement are –

1) An increased flow of water in the river has also contributed to less pollution

2) A report by the Delhi Jal Board (DJB) had also shown the quality of water has improved during the lockdown and DJB officials had said that it was also due to increased discharge of water from Haryana.

3) In April 2019, the average flow was 1,000 cusecs compared to the average flow of 3,900 cusecs in April 2020. Therefore, the dilution is also contributing to the improvement of water quality

4) DPCC took samples from 9 locations, of which five have shown 18%-33% reduction in biochemical oxygen demand (BOD) levels.

5) According to the report, four of the nine locations where dissolved oxygen (DO) was nil in 2019 showed DO levels of 2.3-4.8 mg/l.

Of the nine locations of the river, an increase in pollution was observed only in Khajuri Paltoon Pool, according to the report.

For Prelims –

➢ BOD (Biochemical Oxygen Demand) = BOD is the amount of oxygen needed by microorganisms to decompose organic matter (waste or pollutants) under aerobic reaction (in the presence of oxygen). A higher BOD level means that more oxygen is needed to decompose a large quantity of organic matter (waste or pollutants) present in the water. So, a higher value of BOD means that the water is more polluted.
- **Dissolved Oxygen (DO)** = Dissolved oxygen is the amount of dissolved oxygen present in the water which is needed for aquatic life to survive. The quality of water increases with an increase in DO levels. A DO level of 5 mg/l or above is the recommended level for bathing in a river.

- **Economic Development**

  **Q – Details of Finance Ministry’s time frame for banks include?**

  **BACKGROUND** = As business activities resumed to action, the Finance Ministry swung into action to ensure credit flow to companies and set a specific time frame for banks within which a loan needs to be disbursed. The government said the move is aimed at ensuring credit flow for economic activities. Which are –

  1) In the context of resumption of business activities w.e.f. 20.4.2020, timely origination, sanction and disbursement of fund-based and non-fund based credit is critical for revival of economic activity

  2) The move comes as banks have turned risk averse to extend loans and as per the indicative time frames, from processing to disbursement of COVID-19 emergency credit lines, the Ministry said banks have to complete the disbursement within six to nine working days of working capital loans to existing micro, medium and small enterprises; corporate and agriculture borrowers as well as financial assistance to self-help group borrowers.

  3) Working capital reassessment of up to ₹5 crore for existing borrowers have to be processed within six to nine days, while facilities of ₹5 crore and above need to be processed within 12 to 15 working days.

  For this, Banks are advised to draw a detailed activity-wise time frame to achieve the turnaround time.

  **Others –**

  4) The Ministry has also asked banks to ensure wide publicity of the details of the COVID-19-related credit schemes,

  5) Checklist of documents required for each scheme and time frames for communicating decisions regarding sanctions.

  This information needs to be tweeted by banks and tagged to the Twitter handle of the Department of Financial Services (DoFS).

  On the whole, Banks also should ensure that relevant internal communication of the above mentioned schemes along with clear responsibilities and defined time frames are conveyed to the field-level functionaries and monitored on an ongoing basis.

  **How about this today!?**

  China says Indian FDI trade curbs are against

  _______ principles?

  a. International Trade Centre  
  b. World Customs Organisation  
  c. United Nations Conference on Trade and Development  
  d. World Trade Organisation

  **Hey from Yesterday….**

  Which from the following is not included in the ‘Draft Intangible Culture Heritage List’ recently released by the Union Culture Ministry?

  a. Chhau, Odisha  
  b. Tying a Turban, Rajasthan  
  c. Buddhist Chanting, Leh & Kargil  
  d. Kolam, Kerala

  **Answer:** a